



Fiscal Year 2016 Proposed Budget



A Budget that has Much to Celebrate

- With improved revenues, the FY 16 Budget has small surplus instead of earlier projected deficit
- City services and quality of services are maintained
- Continues emphasis on the public safety continuum of services
- Continues investments in parks, beaches, streets and sidewalks
- Strong focus on economic development and business attraction
- Reflects the City's improved economy
- Prepares for the future



Fiscal Discipline by City Council

- The budget is a credit to Mayor's & City Council's fiscal discipline
- \$134 million in General Fund cut since FY 07
- Almost 700 General Fund positions cut since FY 07
- Saved FY 14 and FY 15 surpluses to strengthen future finances
- Held line on new spending to minimize future budget issues
- Invests in efficiency improvements, critical infrastructure and innovation in order to reduce operating costs
- Focuses on economic development – new businesses and housing



FY 16 Budget Balanced with a Surplus

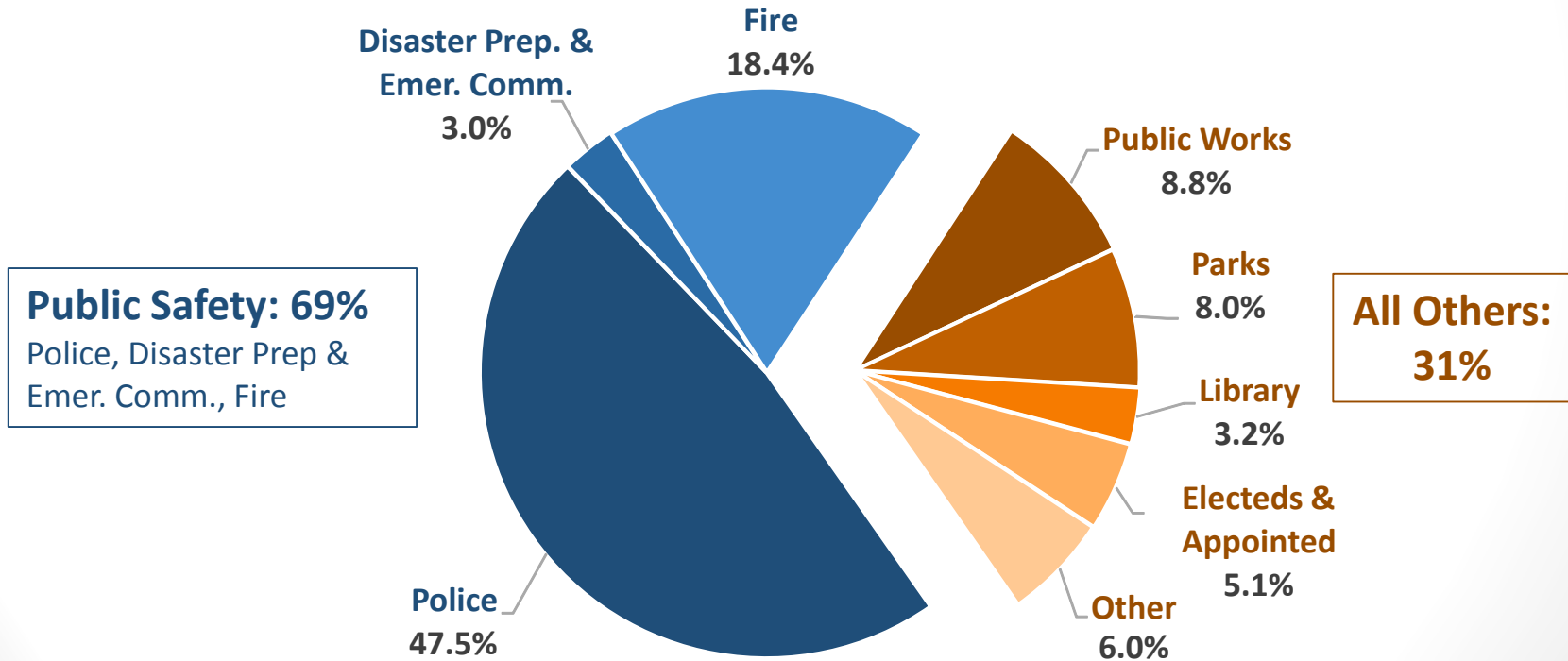
- FY 15 revenues better than originally projected
- Improved revenues result in temporary surplus in FY 16 (only) of \$630K instead of a previously projected deficit of \$1 million

\$ in Millions	FY 16 Budget
March Projection	(1.0)
Proposed Budget	0.6



FY 16 Budget: Preserving Services

- Major services and quality of services preserved
- Council priorities are maintained with proportionate share that ensures an efficient, full-service City



Focus on Public Safety

- 69% of the General Fund budget devoted to Public Safety
- Police and Fire academies
- Additional Police overtime to patrol, suppress, investigate and prosecute violent crime activities (non-recurring \$2.2 million)
- Contemporary Police training – cultural and diversity sensitivity, community engagement strategies, crisis intervention, etc. (non-recurring \$150K)
- Civilian Community Emergency Response (CERT) coordinator
- Additional disaster preparedness planning staff support



Focus on the Public Safety Continuum



Focus on Critical Infrastructure

- Nearly \$10 million (all funds) for local streets and sidewalks
 - ✓ \$4.9 million in Residential Streets Program
 - ✓ \$3.0 million in Sidewalk Program
 - ✓ \$950,000 for local streets/sidewalk repair (non-recurring)
 - ✓ \$1.0 million for sidewalk study and plans (non-recurring)
- \$11.4 million (all funds) for Major / Secondary Streets Program
- Continued investments on parks and recreation improvements, transportation enhancements, and public facilities



Focus on Economic Development

- Workforce Development Bureau placed under Economic & Property Development Department
- Bloomberg Innovation Grant i-team to stimulate growth and jobs
- Strategic marketing of Successor Agency Properties to meet neighborhood goals and help ensure the reduction of sales tax leakage



Focus on City Council's Commitments

- Continues Language Access Plan (LAP) Implementation
- Veterans Commission
- Technology Commission
- Economic Development Commission
- Supports Technology Initiatives:
 - ✓ New financial / human resource system (ERP)
 - ✓ Website design and management
 - ✓ Open data
 - ✓ Open Counter
 - ✓ Surveillance cameras
 - ✓ Enhance Wi-Fi for City facilities
 - ✓ Software modernization
 - ✓ Electronic plan checks
- Small Business Incentives pilot (non-recurring \$200K)



Focus on City Council's Commitments

- Expands Homeless Services, including outreach, collection and storage of homeless' belongings
- Support for homeless-related initiatives (non-recurring \$100K)
- ADA Coordinator to facilitate ADA projects and prevent/respond to ADA complaints
- Support for storm water permit regulations/MOU participation (non-recurring \$600K)
- 5% of non-recurring revenue to fund unfunded liabilities



Investment in Efficiency Improvements

- Reduces street sweeping time periods with first rerouting in over 30 years (non-recurring \$950K)
- Street sweeping improvements expected to improve quality of life in parking impacted areas
- Major project to reduce paper documents – reducing environmental impact and filing needs (non-recurring \$200K)
- Citywide conversion of street lights to LED lighting – leveraging rebates and 0% interest loans (non-recurring \$100K)
- Conversion to drought tolerant landscaping in medians (non-recurring \$415K)



Investments in Marketing & Promotions

- Increases support for Long Beach Museum of Art (non-recurring \$150K)
- Increases support for Long Beach CVB (\$300K annually); support to promote Convention Center (non-recurring \$50K)
- City gateway signs at key entrances – study and beginning of implementation (non-recurring \$400K)

** These investments use the Special Advertising and Promotions Fund and do not take funds from City services*



A City Staff Committed to Improvement & Innovation

- Staff continues to pursue special projects for improvements, innovation, and efficiency:
 - ✓ New computer/software systems constantly designed & implemented
 - ✓ On-going efforts for open data
 - ✓ New Civic Center design and financing
 - ✓ Responding to continuous external and internal audits; implementing recommendations
 - ✓ Managing one-time operational and capital projects
- The Great Recession has reduced staff over the years. Many projects are accomplished only through uncompensated extra hours, and always with a juggling of staff's continuing workload



Long Beach is on Solid Footing

- Mayor and City Council provide strong fiscal discipline
- Increasing financial reserves
- Major pension reform with collaboration of employee groups
- Revenue from Redevelopment Agency dissolution
- Very good bond/credit rating (AA-)
- Investments in new technology, infrastructure, and innovation
- Enhancing economic development efforts
- Addressing budget issues and achieving cost savings
- Maintaining full range of City services



Difficult Times Ahead

- Growth in expenses likely to outpace revenue growth for foreseeable future, even beyond the FY 18 projection
- Although FY 16 is improved, we are still facing deficits:
 - ✓ \$7.5 million in FY 17
 - ✓ \$7.8 million in FY 18
- The FY 16 Budget prepares for future by applying the \$630K temporary surplus to reduce the FY 17 deficit

\$ in Millions	FY 16 Budget	FY 17 Projected	FY 18 Projected	Cumulative
Proposed Budget	0.6*	(7.5)	(7.8)	(15.3)

*Assumes this temporary surplus is not structurally spent which reduces FY 17 deficit from \$8.1 to \$7.5 million



Revenues – Uncertainties & Challenges

- Revenue growth difficult to predict and can fluctuate dramatically
- The FY 16 Budget projects for oil’s dramatic revenue decline
 - ✓ \$20 million reduction in Uplands revenue
 - ✓ \$30 million reduction in Tidelands revenue
 - ✓ Projecting oil at \$55 a barrel in FY 16, growing \$5 a barrel each year after that to \$65 a barrel in FY 18

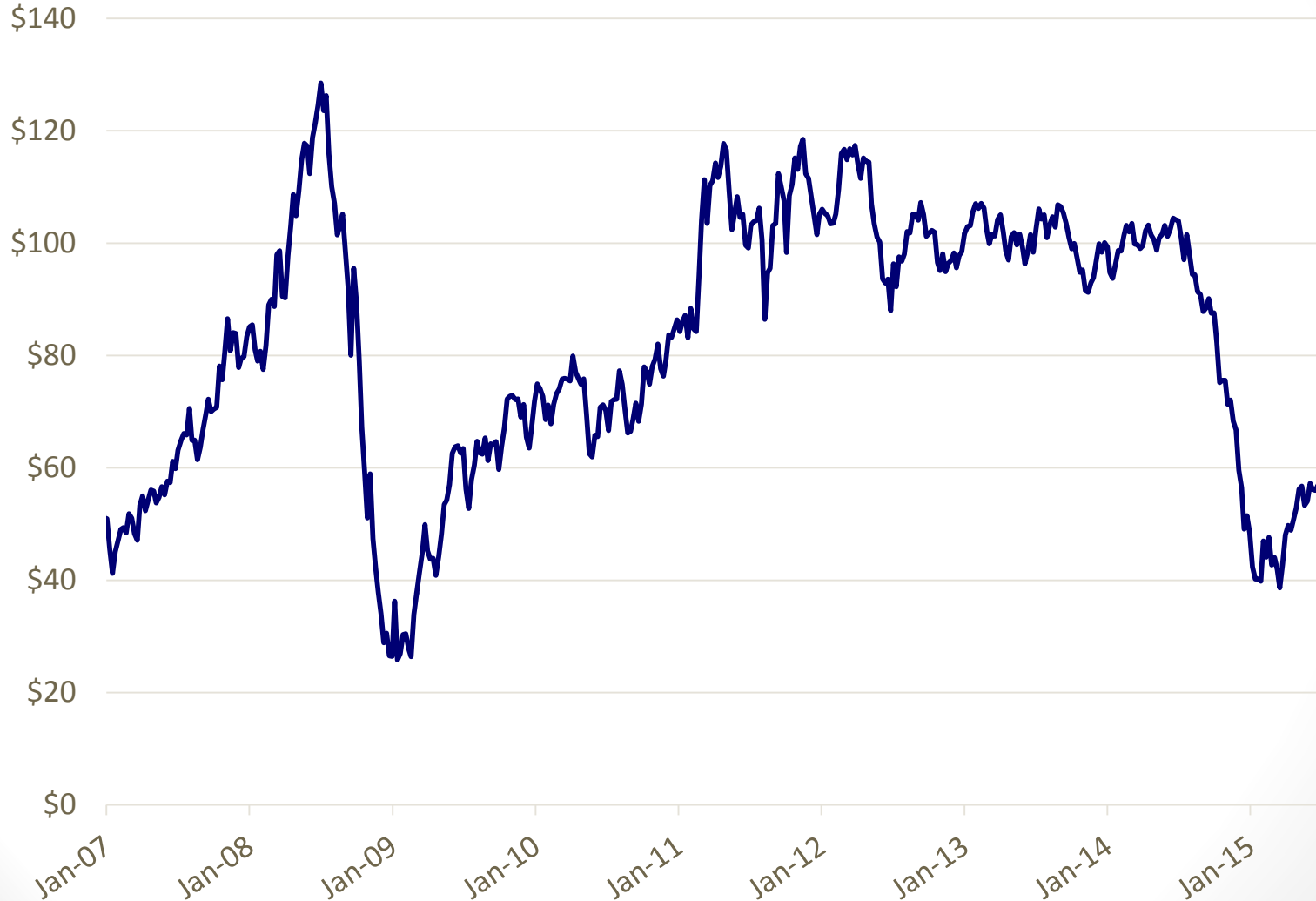
Oil Revenue in \$ Millions

	FY 14 Actual	FY 15 Budget	FY 15 Projected	FY 16 Projected	FY 17 Projected	FY 18 Projected
Uplands	32.3	17.5	13.9	12	11	11
Tidelands	42.7	38.6	12.4	11	12	17



History of Oil Prices

Wilmington Oil Price 2007-2015
\$ per barrel



Personnel Costs – Uncertainties & Challenges

- Results of current and future negotiations unknown
- Projections include no raises or takeaways

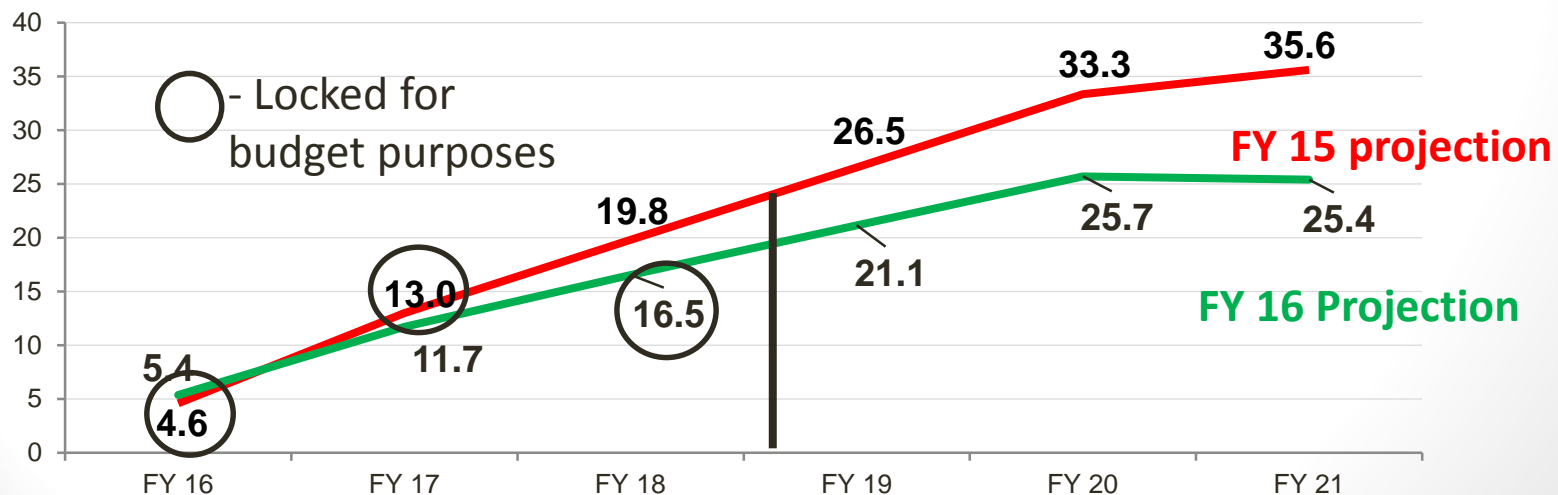
Association	Contract Expiration
IAM	9/30/14 (End of FY 14) (Currently in negotiations)
City Attorneys (CAA) City Prosecutors (CPA) Confidential Employees (ACE) Engineering Employees (AEE) Management Employees (LBMA) Lifeguards (LGA)	9/30/15 (End of FY 15)
Firefighters (FFA) Police Officers (POA)	9/30/16 (End of FY 16)



Pension Costs – Uncertainties and Challenges

- Excellent investment earnings in FY 14 lowered projected costs
- Poor earnings in FY 15 will increase costs in the future
- Innovative City CalPERS Stabilization Fund smooths earnings impact and locks in rates for 3 years for budget planning stability

**Projected Cumulative CalPERS Cost Change – General Fund
(in \$ millions)**



FY 16 Budget Highlights

- Strong city services for a diverse and vibrant community
- Strong public safety continuum of services
- Academies for new police officers and firefighters
- Continued investment in City infrastructure
- Continued development of efficiencies and cost reductions
- Continued maximizing of revenues
- Use of innovative CalPERS Stabilization Fund and carrying over temporary surplus to address future deficits
- Continued fiscal discipline and maintenance of Long Beach's financial health; prepared for more difficult times ahead



FY 16 Budget Timeline

Through today

- March 3 Fiscal Outlook Council Presentation
- March 11 Instructions to Departments
- June 16 Economic Development City Council Study Session
- July 2 Submittal of Proposed Budget to Mayor
- July 28 Mayor Submits Proposed Budget to City Council



FY 16 Budget Timeline

Upcoming

- August Community Budget Meetings
- August Budget Oversight Committee (BOC) Meetings
- August 4 Budget Hearing
- August 11 Budget Hearing
- August 18 Budget Hearing
- September 1 Budget Hearing
- September 8 Budget Hearing; 1st adoption date
- September 15 Budget Hearing; 2nd (last) adoption date



Opportunities for Citizen Engagement

- Attend Budget Hearings
- Attend BOC meetings
- Attend Community Budget Meetings
- Use the “Long Beach Budget Challenge” (online budget model software)
- Participate in the City of Long Beach Budget Survey on funding priorities
- Use OpenLB to explore the Proposed Budget





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